



Virginia
Regulatory
Town Hall

Final Regulation Agency Background Document

Agency Name:	Department of Social Services
VAC Chapter Number:	22 VAC 40-35-10
Regulation Title:	Virginia Independence Program
Action Title:	Employer Tax Credit
Date:	October 20, 2000

Please refer to the Administrative Process Act (§ 9-6.14:9.1 *et seq.* of the *Code of Virginia*), Executive Order Twenty-Five (98), Executive Order Fifty-Eight (99) , and the *Virginia Register Form, Style and Procedure Manual* for more information and other materials required to be submitted in the final regulatory action package.

Summary

Please provide a brief summary of the new regulation, amendments to an existing regulation, or the regulation being repealed. There is no need to state each provision or amendment; instead give a summary of the regulatory action. If applicable, generally describe the existing regulation. Do not restate the regulation or the purpose and intent of the regulation in the summary. Rather, alert the reader to all substantive matters or changes contained in the proposed new regulation, amendments to an existing regulation, or the regulation being repealed. Please briefly and generally summarize any substantive changes made since the proposed action was published.

The regulation sets forth procedures for employers to claim tax credits when they hire Temporary Assistance for Needy Families (TANF) recipients as authorized by the passage of HB 696 during the 1998 session of the Virginia General Assembly. The purpose of the tax credit is to provide incentives to employers to hire TANF recipients who, otherwise, may not be considered for an employment opportunity. The regulation maximizes employment opportunities for TANF recipients that will lead to self-sufficiency.

Changes Made Since the Proposed Stage

Please detail any changes, other than strictly editorial changes, made to the text of the proposed regulation since its publication. Please provide citations of the sections of the proposed regulation that have been altered since the proposed stage and a statement of the purpose of each change.

No changes were made to the regulation since the proposed regulation was published.

Statement of Final Agency Action

Please provide a statement of the final action taken by the agency: including the date the action was taken, the name of the agency taking the action, and the title of the regulation.

The State Board of Social Services took action to adopt the final regulation to implement the Virginia Independence Program, Employer Tax Credit, at their October 18, 2000 meeting. The Board took such action pursuant to their statutory authority at 63.1-25 of the Code of Virginia (1950), as amended.

Basis

Please identify the state and/or federal source of legal authority to promulgate the regulation. The discussion of this statutory authority should: 1) describe its scope and the extent to which it is mandatory or discretionary; and 2) include a brief statement relating the content of the statutory authority to the specific regulation. In addition, where applicable, please describe the extent to which proposed changes exceed federal minimum requirements. Full citations of legal authority and, if available, web site addresses for locating the text of the cited authority, shall be provided. If the final text differs from that of the proposed, please state that the Office of the Attorney General has certified that the agency has the statutory authority to promulgate the final regulation and that it comports with applicable state and/or federal law

This regulation was necessitated by the passage of HB 696, the Virginia Employer Tax Credit, during the 1998 session of the Virginia General Assembly. Therein, the State Board of Social Services was mandated to promulgate regulations for: (i) establishing procedures for claiming the tax credit, and (ii) providing for the allocation of tax credits among taxpayers requesting credits and employers claiming grants under the Virginia Targeted Tax Grant Program.

Purpose

Please provide a statement explaining the need for the new or amended regulation. This statement must include the rationale or justification of the final regulatory action and detail the specific reasons it is essential to protect the health, safety or welfare of citizens. A statement of a general nature is not acceptable, particular rationales must be explicitly discussed. Please include a discussion of the goals of the proposal and the problems the proposal is intended to solve.

The purpose of the regulation is to set forth procedures for employers to claim tax credits when they hire qualified TANF recipients. The purpose of the tax credit is to provide incentives to employers to hire TANF recipients who, otherwise, may not be considered for a position, thereby, maximizing employment opportunities that will lead to self-sufficiency.

Substance

Please identify and explain the new substantive provisions, the substantive changes to existing sections, or both where appropriate. Please note that a more detailed discussion is required under the statement of the regulatory action's detail.

The regulation sets forth time frames for the submission of applications for the Virginia Employer Tax Credit (VETC) and the Virginia Targeted Job Grant (VTJG). Additionally, requirements for submission of applications for the respective programs as well as details on how funds will be allocated for the programs are addressed. As set forth in the enacting legislation, the regulation must address the allocation of the funding between the VTJG and the VETC. The funding issue was created by the enacting legislation which tied funding for both programs to the appropriation for the VTJG. The regulation describes how the appropriation will be allocated between the two programs.

Issues

Please provide a statement identifying the issues associated with the final regulatory action. The term "issues" means: 1) the advantages and disadvantages to the public of implementing the new provisions; 2) the advantages and disadvantages to the agency or the Commonwealth; and 3) other pertinent matters of interest to the regulated community, government officials, and the public. If there are no disadvantages to the public or the Commonwealth, please include a sentence to that effect.

The primary advantage of implementing this regulation is the provision of a tax credit that will provide employers with incentives to hire recipients of TANF. This regulation will benefit both the employer and the recipient. The advantages to the public and the agency of this regulation will be a reduction in the TANF caseload. Because of the block grant and maintenance of effort spending requirements, there will not be a direct impact on public assistance spending; however, the Commonwealth's TANF surplus may be indirectly impacted. Further, the public will benefit by the fact the former recipients will be productive, taxpaying citizens. The disadvantage to the agency are additional costs associated with administering the program.

Public Comment

Please summarize all public comment received during the public comment period and provide the agency response. If no public comment was received, please include a statement indicating that fact.

No public comments were received in response to the publication of the proposed regulation.

Detail of Changes

Please detail any changes, other than strictly editorial changes, that are being proposed. Please detail new substantive provisions, all substantive changes to existing sections, or both where appropriate. This statement should provide a section-by-section description - or crosswalk - of changes implemented by the proposed regulatory action. Include citations to the specific sections of an existing regulation being amended and explain the consequences of the changes.

No changes are being proposed. The final regulation is identical to the proposed regulation published on July 3, 2000.

Family Impact Statement

Please provide an analysis of the regulatory action that assesses the impact on the institution of the family and family stability including the extent to which the regulatory action will: 1) strengthen or erode the authority and rights of parents in the education, nurturing, and supervision of their children; 2) encourage or discourage economic self-sufficiency, self-pride, and the assumption of responsibility for oneself, one's spouse, and one's children and/or elderly parents; 3) strengthen or erode the marital commitment; and 4) increase or decrease disposable family income.

The final regulation supports families as it provides employers with incentives to hire TANF recipients, thereby, encouraging economic self-sufficiency and ending the dependence of families on government benefits. As TANF recipients gain employment, disposable family income increases. The regulation does not erode marital commitment nor does it impact the rights of parents to educate, nurture, or supervise their children.